GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:252
ANSWERED ON:03.02.2017
RBI Recommendation on Frauds in Banks
Nayak Shri B.V.

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India recommended to initiate any investigation into the frauds committed by various nationalised banks;

(b) if so, the details thereof along with the time by when these recommendations made;

(c) the details of reasons for not taking action by the Government on the said recommendations till today; and

(d) the time by which these recommendations are likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (d): The Governor of Reserve Bank of India (RBI) had written a letter in November, 2014 and again in February, 2015 apprising the Government of the position of large value bank frauds.
Department of Financial Services (DFS) has formed an inter agency coordination committee to look into large value bank frauds. RBI, vide letter No. DBS.CO.CFMC.BC.No.007/23.04.001/2014-15 dated 07.05.2015 has issued guidelines on framework for dealing with loan frauds. The guidelines issued by RBI have been subsequently incorporated into the Master Circular dated 01.07.2015 issued by RBI on 'Frauds-Classification and reporting'. DFS, vide letter No. 4/5/2014-Vig. dated 13.05.2015 has issued guidelines on framework for timely detection, reporting, investigation, etc. relating to large value bank frauds.
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